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ZNR UUUUU ZZH
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FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6000
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUCNCIS/CIS COLLECTIVE

UNCLAS SECTION 01 OF 03 BEIJING 001925

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E.O. 12958: N/A

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SUBJECT: Assistant Foreign Minister Briefs on Hu
Jintao's March 26-28 Visit to Russia: China Year,
Energy, Military and Iran Will be Key Topics

Summary

11. President Hu Jintao will pay a state visit to Russia from March 26-28 meeting with President Putin, PM Fradkov, Speaker Gryzlov, and Tatarstan Republic President Shaeymiev, AFM Li Hui announced in a special March 21 press briefing. Hu and Putin will attend the China Year in Russia's opening ceremony and the China National Exhibition. The visit will produce a political document discussing bilateral and international issues of common concern and a number of interagency and commercial agreements with an estimated value over 2 billion USD. Li said major topics to be discussed between Hu and the Russian leaders will include energy cooperation, upcoming joint military exercises held under the Shanghai Cooperation Organization (SCO) framework and the Iran nuclear issue. Objectives for the visit include deepening mutual trust, increasing people-to-people and cultural exchanges and furthering practical, local and international cooperation. END SUMMARY.

Hu State Visit to Russia, March 26-28

12. At the invitation of Russian President Putin, President Hu Jintao will pay his third state visit to Russia on March 26-28, Assistant Foreign Minister Li Hui announced in a March 21 press briefing. Hu and Putin will attend the opening ceremony of the China Year in Russia and the China National Exhibition held in Moscow. President Hu will also meet with Russian PM Fradkov and Speaker of the State Duma Gryzlov. Hu will also travel to Kazan, capital of the Tatarstan Republic, and meet Tatarstan President Shaeymiev.

13. Li said the two countries' strategic cooperative partnership has seen comprehensive and rapid growth. Bilateral trade reached 33.4 billion USD last year, a 14.7 percent increase, with large scale cooperation in energy, transportation and science and technology. China and Russia have also cooperated in multilateral international arenas such as the UN and Shanghai Cooperation Organization, on issues including Iran and the Korean Peninsula, and with the goal of promoting peace and stability throughout the world.

China Year in Russia

14. China believes "national year" events play an important role in building bilateral relations, AFM Li said. The 2006 Russia Year in China was a great success with over 300 activities promoting cooperation

in all areas. The 2007 China Year in Russia will consist of over 200 activities including the Chinese National Exhibition, China's largest-ever overseas exhibition covering over 20000 meters. Over 200 organizations from across China, Hong Kong and Macau will attend, representing 30 sectors including energy automotive, home appliances, textiles, information-technology, tourism, agriculture, high-tech and service industries. Cultural and educational activities such as research conferences and youth, expert and scholarly exchanges will play a large role in the China Year.

15. AFM Li dismissed reporters' suggestions that lack of support from the Russian government will cause the China Year in Russia to be less spectacular than the Russia Year in China. He said China is glad to see the Putin government pay great attention to the smooth undertaking of the China Year in Russia, in particular the committee headed by First Deputy Prime Minister Medvedev's formulation of a clear program for the events. Li believes Russia will take reciprocal measures to provide services to Chinese citizens traveling to Russia as China facilitated the travel of Russians to China in connection with last year's Russia Year.

Political Document, Commercial Deals To Be Signed

16. The visit will produce a political document discussing bilateral issues and elaborating on both countries views and propositions for UN reform, the SCO, the Middle East, the Korean Peninsula nuclear issue, the Iran nuclear issue and international

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counter-terrorism efforts. Interagency cooperation documents will also be signed. Pressed by Russian journalists for more details, AFM Li said the political documents are still being discussed and would provide no additional information. Regarding other agreements, Li said the China Ministry of Railways will sign an agreement with the Russia Rail Company on crude oil transport and on science and technology cooperation. The China National Development Bank will sign a credit agreement with the Russian Foreign Trade Bank and an agreement on cooperation with the Russian Bank of Foreign Economy and the Krasnoyarsk government. Agreements signed by leaders and between enterprises during the China National Exhibition will total over 2 billion USD.

Energy Cooperation, Pipelines Important

17. Energy is an important part of China-Russia bilateral cooperation and will be a topic of discussion during the visit, said Li responding to questions. As strategic cooperative partners and neighbors, China and Russia have strategic advantages in this sector including ease of transport and complimentary needs. Cooperation is mutually beneficial and not directed at undermining a third party. Asked about specific projects including an oil pipeline, cooperation with Rosneft and electric power projects along the border, Li provided no details, replying only that both countries have reached a consensus on the oil pipeline and national oil companies have close coordination. He labeled electric power as an important aspect of cooperation, but said this visit would produce no new agreements in that field.

Military Cooperation, Joint Exercises Under SCO

¶8. When asked about China-Russia military cooperation including joint military exercises and weapons purchases, Li replied that, as strategic cooperative partners, military cooperation is a normal and important part of bilateral relations. China and Russia will continue to have healthy, effective military cooperation not targeted at a third party aimed at maintaining world peace. Li emphasized China's weapons purchases from Russia are small and most of its arsenal is domestically manufactured. Upcoming joint military exercises this year will be conducted under the framework of the SCO, but Li had no details on them, saying the parties are still conferring. The joint exercises on counterterrorism demonstrate that SCO members can engage in military cooperation which promotes peace and stability in the region and mutual understanding.

SCO Cooperation Not Directed at U.S.

¶9. Questioned about whether China and Russia cooperation within the SCO is a form of joint policy against the United States, Li said both countries are working closely to promote the growth of the SCO and its role in the region, specifically in implementing agreements reached by leaders and increasing practical cooperation to benefit the people of SCO member states. Li hopes SCO members will increase their political and economic input to promote political, security, economic and cultural cooperation. China and Russia will work within the SCO framework to strengthen cooperation and work with other member states to ensure the SCO grows in a healthy manner to fulfill its mission of safeguarding regional and world peace and stability.

Iran Nuclear Issue

¶10. Li said Presidents Hu and Putin will discuss Iran. China is ready to play its due role in the proper and peaceful settlement of the Iran issue, he added. Asked about differences in policy between China and Russia on Iran and the potential for a coordinated response to UNSC sanctions, AFM Li said China and Russia have clear and close positions on Iran with common concerns. China and Russia are in agreement regarding non-proliferation issues and coordinate action on the Korean Peninsula and Iranian nuclear

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issues. Li drew parallels between the Six-Party Talks and the Iran issue emphasizing the need for all parties to make efforts to solve the issues through diplomatic, peaceful means.

Cultural, Commercial and People-to-People Exchange

¶11. Success of the China Year in Russia and strengthening cooperation in education, culture, health, sports, tourism and mass media are major goals of the visit, Li said. Large joint projects between China's West and Northeast and Russia's Siberian and Far East regions should be expanded, he said, noting that border trade is 20 percent of total bilateral trade. China's other objectives for this visit include deepening mutual trust, increasing people-to-people and cultural exchanges and furthering practical, local and international cooperation. Cultural and educational cooperation can increase mutual understanding between China and Russia and consolidate their historical friendship, said Li, answering a journalist's question. Last year, more than 10,000

Chinese students studied in Russia, an even greater number than in the Soviet Era, he said.